

**TOWN OF BALDWIN, LOUISIANA****Financial Report****Year Ended June 30, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-14-05

## TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL SECTION	
Management's Discussion and Analysis	4-12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14-15
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	16-17
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19-20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Proprietary Fund:	
Statement of Net Assets	22
Statement of Revenues, Expenses and Changes in Fund Net Assets	23
Statement of Cash Flows	24-25
Notes to the Financial Statements	26-43
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules:	
General Fund	45-47
1% Sales Tax Collection Fund	48
3/10% Sales Tax Collection Fund	49
3/4% Sales Tax Collection Fund	50-51
1/2% Sales Tax Collection Fund	52
SUPPLEMENTAL INFORMATION	
Nonmajor Governmental Funds:	
Combining Balance Sheet	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	55

SUPPLEMENTAL INFORMATION (CONTINUED)

INTERNAL CONTROL AND COMPLIANCE

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	57-58
Summary Schedule of Prior Year Findings	59
Schedule of Findings and Questioned Costs	60-62
Management's Corrective Action Plan for Current Year Findings	63

OTHER SUPPLEMENTARY INFORMATION

Schedule of Number of Utility Customers (unaudited)	65
Comparative Departmental Analysis of Revenues and Expenses - Utility Fund	66-67
Schedule of Insurance in Force (unaudited)	68
Schedule of Utility Rates	69
Schedule of Interest-Bearing Deposits - All Funds	70



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(A Corporation of Certified Public Accountants)

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Wayne Breaux, Mayor  
And Members of the Board of Aldermen  
Town of Baldwin, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Baldwin, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the basic financial statements of the Town as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the Town of Baldwin, Louisiana, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the for the year ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2005 on our consideration of the Town of Baldwin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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The management's discussion and analysis and budgetary comparison information on pages 4 through 12 and 46 through 53, are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Baldwin, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Dannall, Sikes, Gardes & Frederick*

A Corporation of Certified Public Accountants

Morgan City, Louisiana  
September 16, 2005

**FINANCIAL SECTION**

## TOWN OF BALDWIN, LOUISIANA

### Management's Discussion and Analysis (Unaudited)

The Management's Discussion and Analysis (MD & A) of the Town of Baldwin's (Town) financial performance provides an overall review and an objective, easily readable analysis of the Town's financial activities for the fiscal year ended June 30, 2005. The intent of the MD & A is to look at the Town's overall financial performance and to assist readers in assessing the financial position as a result of the year's operations. Therefore, readers should read the MD & A in conjunction with the Town's Financial Statements and the Notes to the Financial Statements.

The MD & A is a new element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2004-2005) and prior year (2003-2004) is required to be presented in the MD & A.

### FINANCIAL HIGHLIGHTS

The Town's assets exceeded its liabilities by \$5,600,209 (net assets) for the fiscal year reported. Total net assets are comprised of the following:

1. Capital assets, net of related debt, of \$4,612,576 of which include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
2. Restricted net assets of \$786,935, of which include \$474,409 for revenue bond retirement, \$1,870 for debt service and \$310,656 for capital outlay.
3. Unrestricted net assets of \$200,698 represent the portion available to maintain the Town's continuing obligations to citizens and creditors.

The Town's governmental funds reported total ending fund balances of \$955,647 this year. The General Fund total fund balance is \$86,708 for fiscal year 2005.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$86,708 or 8.4% of total General Fund expenditures including operating transfers out and 8.5% of total General Fund revenues including operating transfers in.

Overall, the Town continues to maintain a good financial position, in spite of a somewhat depressed economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town has included in this report additional information to supplement the financial statements.

## TOWN OF BALDWIN, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Town infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Town's net assets changed during current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by sales taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, streets and drainage, culture and recreation, sanitation services and supporting services. Business-type activities include the gas, water and sewer systems.

The government-wide financial statements are presented on pages 14-16 of this report.

#### FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The Town has two kinds of funds:

*"Governmental funds"* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at this end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.



## TOWN OF BALDWIN, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term, financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 17-21 of this report.

*"Proprietary funds"* are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The one Town proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization for gas, water and sewer utilities.

The enterprise fund financial statements are presented on pages 23-26 of this report.

#### NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 27 of this report.

#### OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and the four major special revenue funds. These statements and schedules demonstrate compliance with the Town's adopted and final revised budget. Required supplementary information can be found on pages 46-53 of this report.

As discussed earlier, the Town reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 55.

# TOWN OF BALDWIN, LOUISIANA

## Management's Discussion and Analysis (Unaudited) (Continued)

### FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's total net assets (governmental and business-type activities) at fiscal year-end June 30, 2005 are \$5,600,209 as compared to \$3,627,788 for fiscal year ended June 30, 2004. The following table provides a summary of the Town's net assets for both years:

Town of Baldwin, Louisiana Condensed Statement of Net Assets June 30, 2005 and 2004				
	2005		2004	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
<b>Assets:</b>				
Current assets and other assets	\$ 1,246,497	\$ 755,227	\$ 1,653,444	\$ 815,503
Restricted assets:	-	625,130	-	671,980
Capital assets, net	<u>2,466,356</u>	<u>3,769,593</u>	<u>1,054,703</u>	<u>3,927,752</u>
Total assets	<u>3,712,853</u>	<u>5,149,950</u>	<u>2,708,147</u>	<u>5,415,235</u>
<b>Liabilities:</b>				
Current liabilities	401,421	18,079	140,982	16,842
Payable from restricted assets	-	150,721	-	147,605
Long-term liabilities	<u>1,165,000</u>	<u>1,527,373</u>	<u>1,360,000</u>	<u>1,623,000</u>
Total liabilities	<u>1,566,421</u>	<u>1,696,173</u>	<u>1,500,982</u>	<u>1,787,447</u>
<b>Net assets:</b>				
Investment in capital assets, net of debt	2,466,356	2,146,220	1,054,703	2,210,752
Restricted	312,526	474,409	310,520	527,638
Unrestricted	<u>(632,450)</u>	<u>833,148</u>	<u>(158,058)</u>	<u>889,398</u>
Total net assets	<u>\$ 2,146,432</u>	<u>\$ 3,453,777</u>	<u>\$ 1,207,165</u>	<u>\$ 3,627,788</u>

Note that approximately 82% of the Town's net assets as of June 30, 2005 reflects the government's investment in capital assets (property, plant, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. Of this total amount, the portion reflected in the governmental activities is approximately 44% and the business-type activities contributed the remaining 38%. The town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another approximately 14% of total net assets is subject to certain restrictions. \$474,409 is restricted for revenue bond retirement, \$1,870 is restricted for debt service and \$310,656 is to be used for capital outlay. The remaining 3.5% or \$200,698 of net assets, referred to as unrestricted, may be used to meet the ongoing obligations of the government to citizens and creditors. At the end of the current fiscal year, the Town is able to report a positive balance in total net assets.

# TOWN OF BALDWIN, LOUISIANA

## Management's Discussion and Analysis (Unaudited) (Continued)

The following table provides a summary of the Town's changes in net assets:

### Town of Baldwin, Louisiana Condensed Statement of Activities For the Years Ended June 30, 2005 and 2004

	2005		2004	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Revenues:				
Program:				
Charges for services/fines	\$ 217,777	\$ 508,593	\$ 232,157	\$ 468,477
Operating grants and contributions	175,466	-	290,656	-
Capital grants and contributions	911,610	-	308,679	-
General:				
Sales taxes	635,932	-	623,836	-
Ad valorem taxes	79,647	-	71,427	-
Franchise fees	58,999	-	54,713	-
Intergovernmental	181,848	-	185,929	-
Interest	12,306	14,285	11,700	17,597
Other	2,591	-	26,972	-
Total Revenues	<u>2,276,176</u>	<u>522,878</u>	<u>1,806,069</u>	<u>486,074</u>
Program expenses:				
General government	372,056	-	395,942	-
Public safety:				
Police	451,825	-	448,407	-
Fire	68,929	-	65,507	-
Streets and drainage	192,170	-	186,339	-
Culture and recreation	40,409	-	32,935	-
Sanitation	179,155	-	172,886	-
Support Services	14,600	-	130,214	-
Interest	65,013	75,554	69,689	81,973
Gas, water and sewer	-	574,087	-	595,704
Total expenses	<u>1,384,157</u>	<u>649,641</u>	<u>1,501,919</u>	<u>677,677</u>
Excess (deficiency)	892,019	(126,763)	304,150	(191,603)
Transfers	<u>47,248</u>	<u>(47,248)</u>	<u>(41,202)</u>	<u>41,202</u>
Change in net assets	939,267	(174,011)	262,948	(150,401)
Beginning net assets	<u>1,207,165</u>	<u>3,627,788</u>	<u>944,217</u>	<u>3,778,189</u>
Ending net assets	<u>\$ 2,146,432</u>	<u>\$ 3,453,777</u>	<u>\$ 1,207,165</u>	<u>\$ 3,627,788</u>

# TOWN OF BALDWIN, LOUISIANA

## Management's Discussion and Analysis (Unaudited) (Continued)

### GOVERNMENTAL REVENUES

The Town is heavily reliant on sales taxes to support governmental operations. Sales taxes provided 23% of the Town's total revenues for fiscal year 2005. In fiscal year 2004 sales taxes accounted for 27% of total revenues. This decrease is due to the decline in the local economy; however, we expect sales tax revenues to remain stable for the next year. Sales taxes contributed to 28% and 34% of revenues for governmental activities in 2005 and 2004 respectively. The Town receives a percentage of the sales tax collected by the Parish of St. Mary. The percentage is based on the population of the Town to the total population of the parish. Because of the Town's financial position, we have been able to earn \$12,306 in interest earnings, an increase of \$606 from prior year, to support governmental activities. Also note that program revenues, which include charges for services, operating grants and contributions and capital grants and contributions, covered only 57% of governmental operating expenses in 2005, however this is up from 46% in 2004. The major contributor of this increase is the capital grants received the construction of the Martin Luther King Drainage Project. This means that the government's taxpayers and the Town's other general revenues funded 43% and 54% of the governmental activities in 2005 and 2004 respectively. As a result, the general economy and the local businesses have a major impact on the Town's revenue streams.

### GOVERNMENTAL FUNCTIONAL EXPENSES

Public safety accounts for the majority of all functional expenditures. This function accounted for 26% of the total Town expenditures and 38% of the total governmental expenditures for 2005 and 24% of total and 34% of governmental expenditures for 2004.

This table presents the cost of each of the Town's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Town's taxpayers by each of these functions for years 2005 and 2004. Note that overall governmental expenditures decreased approximately 8% over prior year. As mentioned previously, this decrease is due to increased capital grants for the Martin Luther King Drainage Project recorded in the streets and drainage function.

#### Town of Baldwin, Louisiana Analysis of Governmental Activities For the Year Ended June 30, 2005 and 2004

	2005		2004	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 372,056	\$ (140,776)	\$ 395,942	\$ (128,296)
Public safety:				
Police	451,825	(411,523)	448,407	(407,840)
Fire	68,929	(68,929)	65,507	(65,507)
Streets and drainage	192,170	630,240	186,339	(186,339)
Culture and recreation	40,409	59,241	32,935	286,169
Sanitation	179,155	(82,604)	172,886	(98,925)
Support Services	14,600	60	130,214	-
Interest on long-term debt	65,013	(65,013)	69,689	(69,689)
Total	<u>\$ 1,384,157</u>	<u>\$ (79,304)</u>	<u>\$ 1,501,919</u>	<u>\$ (670,427)</u>

## TOWN OF BALDWIN, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

#### BUSINESS-TYPE ACTIVITIES

##### Revenues vs. Costs

Within the total business type activities of the Town, these activities reported a \$65,494 operating loss for 2005. Comparing this amount with the operating loss of \$127,227 in 2004 and we note that the utility fund incurred an improvement in operations of approximately \$62,000. This improvement is attributable to an increase in water rates for 2005. Also, if we take into consideration the adding back of depreciation expense (a noncash expense), then both years would have realized a net operating profit of \$95,662 and \$50,346 for 2005 and 2004 respectively.

#### FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

##### Governmental funds

As discussed earlier, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$955,647 for fiscal year 2005, a decrease of \$568,179 from prior year. The major contributor to this decrease was the excess of expenditures over revenues in the 3/10% sales tax fund. This fund was used to account for the capital expenditures associated with the Martin Luther King Drainage Project. Although grant monies covered almost \$784,034 of the current year cost of this project, the expenditures for the project for 2005 exceeded \$1,341,000—with the balance, approximately \$557,000, requiring prior year reserves for coverage.

The fund balance of the governmental funds for 2005 is allocated as follows: \$1,870 reserved for debt service, \$310,656 reserved for future capital outlay, and \$643,121 is unreserved indicating availability for continuing Town service requirements.

##### MAJOR GOVERNMENTAL FUNDS

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's ending fund balance for 2005 is \$86,708 a decrease from prior year of \$21,674. Revenues collected by the General Fund decreased from prior year by \$53,010 and expenditures decreased from prior year, but only by \$25,149. The majority of the revenue decrease was for intergovernmental revenues.

Overall, revenues for the Major Governmental Funds (which includes the General Fund, ½% Sales Tax Fund, 1% Sales Tax Fund, 3/10% Sales Tax Fund, and the ¾% Sales Tax Fund) increased over prior year by approximately \$482,000. The major contributor to this increase was in the area of intergovernmental revenues.

Further analysis of intergovernmental revenues shows that federal revenues actually decreased from 2004 by approximately \$116,000. Federal grant monies for both years were for the LCDBG Housing Rehabilitation Program. State grants, however, increased by \$711,610 over prior year and these monies were for the Martin Luther King Drainage Project and the Baldwin Recreation Park. The Parish Council also contributed grant monies to the Martin Luther King Drainage Project in the amount of \$200,000.

## TOWN OF BALDWIN, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

The 1%, 3/10% and the 3/4% sales tax funds showed a decrease in fund balances due to transfers out in excess of revenues over expenditures. These funds also collected less sales tax revenues than anticipated. Also as mentioned earlier, the 3/10% sales tax fund funded the balance not covered by grants for the Martin Luther King Drainage Project.

#### THE PROPRIETARY FUND

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Net assets of the proprietary fund is \$3,453,777 for 2005 a decrease of \$174,011 from prior year. The major contributor to the decrease is excess of expenditures over revenues of \$126,763 combined with the excess of operating transfers out over operating transfers in of \$47,248.

The majority of the proprietary fund's net assets \$2,146,220, is invested in the capital assets of the Town's proprietary fund, net of debt associated with these assets. Unrestricted net assets of the proprietary fund total \$833,148. Restricted net assets is comprised of \$474,409 that is set aside to pay revenue bond principal and interest. These unrestricted funds may be used to meet ongoing obligations to citizens and creditors.

Utility revenue has increased from prior year by approximately \$40,368 and is expected to continue increasing in the coming year. Water and garbage rates were increased effective July 1, 2004. Another contributor to the increase in revenues for the proprietary fund is due to gas fuel tax adjustments. The Town's number of customers changes very little from year to year.

#### BUDGETARY HIGHLIGHTS

The General Fund – Both the General Fund's original revenue and expenditure budgets were larger than the actual amounts reported for the year ended June 30, 2005. Occupational license revenue was less than projected due to the fact that these licenses are based on individual sales of the businesses. And the declining economy of the area caused business revenues to decline. Video poker revenue was less than projected due to businesses closing that had several video poker machines. Fines and forfeitures were 30% less than anticipated.

The expenditures for the General Fund were 12% less than predicted. Retirement expense in administration was larger than anticipated due to an increase in the employer's rate. Insurance expense allocated to the General Fund was less than prior year and less than forecasted. The Town did not amend the budget for the expenditures of the General Fund.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital assets

The Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2005, was \$2,466,356 and \$3,769,593 respectively. This investment in capital assets includes land, buildings and improvements, machinery and equipment, furniture and fixtures, vehicles, gas, water and sewer system and infrastructure. The percentage increase in the Town's investment in capital assets (net of accumulated depreciation) for the current fiscal year was an increase of 134% in the governmental activities and a 4.0%

## TOWN OF BALDWIN, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

decrease for the business-type activities. See Note 7 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

Major capital asset events during the current fiscal year included the following:

- Completion of the Martin Luther King drainage project—total costs, \$1,418,598.
- Completion of the improvements to the Baldwin Recreation Park—total costs, \$296,943.

#### Long-term debt

At the end of the fiscal year, the Town had total bonded debt outstanding of \$2,888,373. Of this amount, \$1,265,000 is backed by the full faith and credit of the Town (revenue bonds) with debt service fully funded by voter-approved sales taxes. The other major component is \$1,623,373 supported by pledged revenues generated primarily by the business-type activities of the Town (revenue bonds). During the year, the Town retired \$188,627 or 6.1% of the beginning outstanding bonded debt balance. See Note 8 for additional information about the Town's long-term debt.

#### ECONOMIC CONDITIONS AFFECTING THE TOWN

Since the primary revenue stream for the Town is sales taxes, the Town's sales tax revenues are subject to the changes in the economy of the Parish as discussed earlier. Sales tax collections appear to be steady but not increasing and should remain stable for the next year. The Town does not expect any increase in collections unless there is an economic upturn in the Parish. Since sales are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed economy. Property taxes will be increased due to the reassessment of property by the Assessor.

The Raintree Village Construction Fund is currently inactive. The Town is waiting on the plans for Phase II which is currently being drawn up. The Town anticipates that Phase II will be started in about a year.

There are no new construction projects under consideration at this time.

#### CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town's Mayor, Mayor Wayne Breaux, Post Office Box 800, Baldwin, LA 70514.

TOWN OF BALDWIN, LOUISIANA

Statement of Net Assets

June 30, 2005

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>ASSETS</b>			
Cash	\$ 563,847	\$ 59,257	\$ 623,104
Interest-bearing deposits	350,000	608,075	958,075
Receivables:			
Taxes	58,465	-	58,465
Accounts	39,869	61,139	101,008
Due from other governmental units	228,600	-	228,600
Bond issue costs, net of amortization	5,716	26,756	32,472
Restricted assets:			
Cash	-	65,106	65,106
Interest-bearing deposits	-	560,024	560,024
Capital assets, net of accumulated depreciation	<u>2,466,356</u>	<u>3,769,593</u>	<u>6,235,949</u>
Total assets	<u>\$ 3,712,853</u>	<u>\$ 5,149,950</u>	<u>\$ 8,862,803</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 214,352	\$ 17,385	\$ 231,737
Accrued liabilities	10,821	694	11,515
Retainage payable	65,677	-	65,677
Accrued interest payable	10,571	-	10,571
Payable from restricted assets -			
Revenue bonds payable	-	96,000	96,000
Accrued interest payable	-	11,546	11,546
Customers' deposits	-	43,175	43,175
Noncurrent liabilities:			
Due within one year	100,000	-	100,000
Due in more than one year	<u>1,165,000</u>	<u>1,527,373</u>	<u>2,692,373</u>
Total liabilities	<u>1,566,421</u>	<u>1,696,173</u>	<u>3,262,594</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,466,356	2,146,220	4,612,576
Restricted for:			
Revenue bond retirement	-	474,409	474,409
Debt service	1,870	-	1,870
Capital outlay	310,656	-	310,656
Unrestricted	<u>(632,450)</u>	<u>833,148</u>	<u>200,698</u>
Total net assets	<u>\$ 2,146,432</u>	<u>\$ 3,453,777</u>	<u>\$ 5,600,209</u>

The accompanying notes are an integral part of this statement.



TOWN OF BALDWIN, LOUISIANA

Statement of Activities  
Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General government	\$ 372,056	\$ 70,474	\$ 160,806	\$ -
Public safety:				
Police	451,825	40,302	-	-
Fire	68,929	-	-	-
Streets and drainage	192,170	-	-	822,410
Culture and recreation	40,409	10,450	-	89,200
Sanitation	179,155	96,551	-	-
Supporting services	14,600	-	14,660	-
Interest on long term debt	65,013	-	-	-
<b>Total governmental activities</b>	<b><u>1,384,157</u></b>	<b><u>217,777</u></b>	<b><u>175,466</u></b>	<b><u>911,610</u></b>
<b>Business-type activities:</b>				
Utility fund	649,641	508,593	-	-
<b>Total business-type activities</b>	<b><u>649,641</u></b>	<b><u>508,593</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total government</b>	<b><u>\$ 2,033,798</u></b>	<b><u>\$ 726,370</u></b>	<b><u>\$ 175,466</u></b>	<b><u>\$ 911,610</u></b>

General Revenues:

    Taxes:

        Ad valorem taxes

        Sales

    Franchise fees

    Intergovernmental

    Interest and investment earnings

    Miscellaneous

Transfers -- internal activity

    Total general revenues and transfers

    Change in net assets

Net Assets-- beginning

Net Assets--ending

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (140,776)	\$ -	\$ (140,776)
(411,523)	-	(411,523)
(68,929)	-	(68,929)
630,240	-	630,240
59,241	-	59,241
(82,604)	-	(82,604)
60	-	60
<u>(65,013)</u>	<u>-</u>	<u>(65,013)</u>
<u>(79,304)</u>	<u>-</u>	<u>(79,304)</u>
<u>-</u>	<u>(141,048)</u>	<u>(141,048)</u>
<u>-</u>	<u>(141,048)</u>	<u>(141,048)</u>
<u>(79,304)</u>	<u>(141,048)</u>	<u>(220,352)</u>
79,647	-	79,647
635,932	-	635,932
58,999	-	58,999
181,848	-	181,848
12,306	14,285	26,591
2,591	-	2,591
<u>47,248</u>	<u>(47,248)</u>	<u>-</u>
1,018,571	(32,963)	985,608
939,267	(174,011)	765,256
<u>1,207,165</u>	<u>3,627,788</u>	<u>4,834,953</u>
<u>\$ 2,146,432</u>	<u>\$ 3,453,777</u>	<u>\$ 5,600,209</u>

The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Balance Sheet – Governmental Funds  
June 30, 2005

	General Fund	1/2% Sales Tax Fund	1% Sales Tax Fund
<b>ASSETS</b>			
Cash	\$ 793	\$ 8,282	\$ 5,717
Interest-bearing deposits	-	-	-
Receivables:			
Taxes	3,621	6,923	22,379
Accounts	18,069	-	-
Due from other funds	69,574	1,165	-
Due from other governmental units	47,743	36,484	-
Bond issue costs, net of amortization	-	-	-
Total assets	<u>\$ 139,800</u>	<u>\$ 52,854</u>	<u>\$ 28,096</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 41,106	\$ 52,854	\$ -
Accrued liabilities	10,821	-	-
Retainage payable	-	-	-
Due to other funds	<u>1,165</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>53,092</u>	<u>52,854</u>	<u>-</u>
Fund balances:			
Reserved:			
Debt service	-	-	-
Capital outlay	-	-	-
Unreserved, reported in:			
General fund	86,708	-	-
Special revenue funds	-	-	28,096
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>86,708</u>	<u>-</u>	<u>28,096</u>
Total liabilities and fund balances	<u>\$ 139,800</u>	<u>\$ 52,854</u>	<u>\$ 28,096</u>

3/10% Sales Tax Fund	3/4% Sales Tax Fund	Other Governmental	Total Governmental Funds
\$ 36,465 200,000	\$ 38,692 100,000	\$ 473,898 50,000	\$ 563,847 350,000
4,767	20,775	-	58,465
-	21,800	-	39,869
-	-	-	70,739
144,373	-	-	228,600
<u>-</u>	<u>-</u>	<u>5,716</u>	<u>5,716</u>
<u>\$ 385,605</u>	<u>\$ 181,267</u>	<u>\$ 529,614</u>	<u>\$ 1,317,236</u>
\$ 112,715	\$ 7,156	\$ 521	\$ 214,352
-	-	-	10,821
65,677	-	-	65,677
<u>-</u>	<u>69,574</u>	<u>-</u>	<u>70,739</u>
<u>178,392</u>	<u>76,730</u>	<u>521</u>	<u>361,589</u>
-	-	1,870	1,870
-	-	310,656	310,656
-	-	-	86,708
207,213	104,537	19,162	359,008
<u>-</u>	<u>-</u>	<u>197,405</u>	<u>197,405</u>
<u>207,213</u>	<u>104,537</u>	<u>529,093</u>	<u>955,647</u>
<u>\$ 385,605</u>	<u>\$ 181,267</u>	<u>\$ 529,614</u>	<u>\$ 1,317,236</u>

The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
To the Statement of Net Assets  
June 30, 2005

Total fund balances - governmental funds \$ 955,647

Amounts reported for governmental activities in the  
statement of net assets are different because:

Cost of capital assets at June 30, 2005	3,144,302	
Less: Accumulated depreciation as of June 30, 2005:		
Buildings and improvements	(296,476)	
Equipment	(175,585)	
Autos and trucks	<u>(205,885)</u>	
		2,466,356

Elimination of interfund assets and liabilities		
Due from other funds	70,739	
Due to other funds	<u>(70,739)</u>	
		-

Long-term liabilities, which include revenue bonds payable, are not due and payable in the current period and therefore are not reported in the funds		(1,265,000)
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Accrued interest payable	<u>(10,571)</u>	
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Total net assets - Governmental Activities	\$ <u>2,146,432</u>	
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The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances --  
Governmental Funds  
Year Ended June 30, 2005

	General Fund	1/2% Sales Tax Fund	1% Sales Tax Fund	3/10% Sales Tax Fund
<b>Revenues:</b>				
Taxes	\$ 79,648	\$ 81,699	\$ 245,942	\$ 62,725
Licenses and permits	105,676	-	-	-
Charges for services	-	-	-	-
Intergovernmental	194,329	38,376	-	784,034
Fines and forfeits	27,821	-	-	-
Miscellaneous	24,076	1,595	146	6,075
Total revenues	<u>431,550</u>	<u>121,670</u>	<u>246,088</u>	<u>852,834</u>
<b>Expenditures:</b>				
Current -				
General government	348,155	-	-	-
Public safety:				
Police	80,160	359,822	-	-
Fire	4,745	-	-	-
Streets and drainage	186,999	-	39	2,189
Culture and recreation	17,419	-	-	-
Sanitation	-	-	-	-
Supporting services	-	-	-	-
Capital outlay	-	41,880	-	1,341,221
Debt Service -				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>637,478</u>	<u>401,702</u>	<u>39</u>	<u>1,343,410</u>
Excess (deficiency) of revenues over expenditures	<u>(205,928)</u>	<u>(280,032)</u>	<u>246,049</u>	<u>(490,576)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	585,607	273,552	-	95,000
Operating transfers out	<u>(401,353)</u>	<u>-</u>	<u>(273,500)</u>	<u>(84,635)</u>
Total other financing sources (uses)	<u>184,254</u>	<u>273,552</u>	<u>(273,500)</u>	<u>10,365</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(21,674)</u>	<u>(6,480)</u>	<u>(27,451)</u>	<u>(480,211)</u>
Fund balances, beginning of year	<u>108,382</u>	<u>6,480</u>	<u>55,547</u>	<u>687,424</u>
Fund balances, end of year	<u>\$ 86,708</u>	<u>\$ -</u>	<u>\$ 28,096</u>	<u>\$ 207,213</u>

<u>3/4% Sales Tax Fund</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 245,566	\$ -	\$ 715,580
-	-	105,676
96,551	-	96,551
-	264,666	1,281,405
-	-	27,821
<u>1,534</u>	<u>15,717</u>	<u>49,143</u>
<u>343,651</u>	<u>280,383</u>	<u>2,276,176</u>
-	11,744	359,899
-	-	439,982
61,280	23	66,048
-	-	189,227
-	-	17,419
179,155	-	179,155
-	14,600	14,600
-	81,366	1,464,467
-	95,000	95,000
-	<u>65,806</u>	<u>65,806</u>
<u>240,435</u>	<u>268,539</u>	<u>2,891,603</u>
<u>103,216</u>	<u>11,844</u>	<u>(615,427)</u>
121,885	43,100	1,119,144
<u>(272,408)</u>	<u>(40,000)</u>	<u>(1,071,896)</u>
<u>(150,523)</u>	<u>3,100</u>	<u>47,248</u>
(47,307)	14,944	(568,179)
<u>151,844</u>	<u>514,149</u>	<u>1,523,826</u>
<u>\$ 104,537</u>	<u>\$ 529,093</u>	<u>\$ 955,647</u>

The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Year Ended June 30, 2005

Net changes in fund balances - governmental funds	\$ (568,179)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period	1,411,653
Revenue bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of revenue bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	95,000
Excess of interest paid over interest accrued	<u>793</u>
Change in Net Assets - Governmental Activities	<u>\$ 939,267</u>

The accompanying notes are an integral part of this statement.



TOWN OF BALDWIN, LOUISIANA

Statement of Net Assets – Proprietary Fund  
June 30, 2005

Current assets:	
Cash	\$ 59,257
Interest-bearing deposits	608,075
Receivables:	
Accounts	61,139
Bond issue costs, net of amortization	26,756
Restricted assets:	
Cash	65,106
Interest-bearing deposits	560,024
Total current assets	<u>1,380,357</u>
Noncurrent assets:	
Capital assets:	
Utility property, plant and equipment	6,700,016
Accumulated depreciation	<u>(2,930,423)</u>
Total noncurrent assets	<u>3,769,593</u>
Total assets	<u>\$ 5,149,950</u>
LIABILITIES	
Current liabilities:	
Accounts payable	17,385
Accrued liabilities	694
Payable from restricted assets -	
Revenue bonds payable	96,000
Accrued interest payable	11,546
Customers' deposits	<u>43,175</u>
Total current liabilities	168,800
Noncurrent liabilities:	
Revenue bonds payable	<u>1,527,373</u>
Total liabilities	<u>1,696,173</u>
NET ASSETS	
Invested in capital assets, net of related debt	2,146,220
Restricted for revenue bond retirement	474,409
Unrestricted	<u>833,148</u>
Total net assets	<u>\$ 3,453,777</u>

The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Fund  
Year Ended June 30, 2005

Operating revenues:	
Charges for services -	
Gas sales and services	\$ 269,279
Water sales and services	133,824
Sewerage services	87,779
Delinquent charges	15,390
Commissions, transfers and reconnections	<u>2,321</u>
Total operating revenues	<u>508,593</u>
Operating expenses:	
Gas department	241,845
Water department	105,465
Sewerage department	65,621
Depreciation	<u>161,156</u>
Total operating expenses	<u>574,087</u>
Operating loss	<u>(65,494)</u>
Nonoperating revenues (expenses):	
Interest income	14,285
Interest and fiscal charges	<u>(75,554)</u>
Total nonoperating revenues (expenses)	<u>(61,269)</u>
Loss before transfers	(126,763)
Other financing sources:	
Operating transfers in	7,815
Operating transfers out	<u>(55,063)</u>
Total other financing sources	<u>(47,248)</u>
Change in net assets	(174,011)
Net assets at beginning of year	<u>3,627,788</u>
Net assets at end of year	<u>\$ 3,453,777</u>

The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Statement of Cash Flows – Proprietary Fund  
Year Ended June 30, 2005

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$ 491,347
Payments to suppliers for goods and services	(348,703)
Payments to employees	<u>(62,991)</u>
Net cash provided by operating activities	<u>79,653</u>

**CASH FLOWS FROM NONCAPITAL  
FINANCING ACTIVITIES**

Cash received from other funds	7,815
Cash paid to other funds	<u>(55,063)</u>
Net cash used by noncapital financing activities	<u>(47,248)</u>

**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES**

Principal payments on revenue bonds	(93,627)
Interest payments on revenue bonds	(76,245)
Decrease in bond issue costs	2,028
Short-term and long-term repayments	(3,263)
Purchase of capital assets	<u>(2,997)</u>
Net cash used by capital and related financing activities	<u>(174,104)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Net redemption of interest-bearing deposits	94,208
Interest on interest bearing deposits	<u>14,285</u>
Net cash provided by investing activities	<u>108,493</u>
Net decrease in cash and cash equivalents	(33,206)
Cash and cash equivalents, beginning of period	<u>213,888</u>
Cash and cash equivalents, end of period	<u><u>\$ 180,682</u></u>

**Reconciliation of operating income to net cash  
provided (used) by operating activities:**

Operating loss	\$ <u>(65,494)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	161,156
Increase in accounts receivable	(22,316)
Decrease (increase) in prepaid expenses	-
Increase in accounts payable and accrued liabilities	1,237
Increase in customer meter deposits	<u>5,070</u>
Total adjustments	<u>145,147</u>
Net cash provided by operating activities	<u><u>\$ 79,653</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Statement of Cash Flows – Proprietary Fund (Continued)  
Year Ended June 30, 2005

Reconciliation of cash and cash equivalents per  
statement of cash flows to the balance sheet:

Cash and cash equivalents beginning of period -	
Cash - unrestricted	\$ 45,784
Interest-bearing deposits - unrestricted	700,830
Cash - restricted	111,609
Interest bearing deposits - restricted	560,200
Less: Interest-bearing deposits with a maturity over three months	<u>(1,204,535)</u>
Total cash and cash equivalents	<u>213,888</u>
 Cash and cash equivalents, end of period -	
Cash - unrestricted	59,257
Interest-bearing deposits - unrestricted	608,075
Cash - restricted	65,106
Interest-bearing deposits - restricted	560,024
Less: Interest-bearing deposits with a maturity over three months	<u>(1,111,780)</u>
Total cash and cash equivalents	<u>180,682</u>
 Net decrease in cash and cash equivalents	<u>\$ (33,206)</u>

The accompanying notes are an integral part of this statement.

## TOWN OF BALDWIN, LOUISIANA

### Notes to the Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Baldwin was incorporated in 1913, under the provisions of the Lawrason Act. The Town of Baldwin (the Town) operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Baldwin relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513; and to the industry audit guide, *Audits of State and Local Governmental Units*. In accordance with Statement No. 20 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," it is the Town of Baldwin's policy to apply all applicable GASB pronouncements as well as all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued prior to December 1, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Town of Baldwin has not adopted any Financial Accounting Standards Board Statements or Interpretations, Accounting Principles Board Opinions or Accounting Research Bulletins of the Committee on Accounting Procedure issued after November 30, 1989.

The following is a summary of certain significant accounting policies:

#### Financial Reporting Entity

The Town's combined financial statements include the accounts of all the Town's operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town of Baldwin has no component units.

#### Basis of Presentation

##### *Government-wide Financial Statements:*

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the Town. The effect of interfund

## TOWN OF BALDWIN, LOUISIANA

### Notes to the Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### *Fund Financial Statements:*

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

#### Governmental Funds

##### General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

##### Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

##### Debt Service Funds

Debt Service Funds account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

## TOWN OF BALDWIN, LOUISIANA

### Notes to the Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

##### Proprietary Fund

##### Enterprise Fund

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Baldwin's enterprise fund is the Utility Fund.

##### Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

##### Major Funds:

*General Fund*—primary operating fund of the Town.

##### Special Revenue Funds:

*1% Sales Tax Collection Fund*—to account for the collection and distribution of proceeds of the Town's 1% sales and use tax. These taxes are dedicated to the construction, acquisition, improvement, maintenance and repair of streets, capital improvements, public works and buildings, paying salaries of municipal employees, operation of recreation facilities, operating expenses of equipment and vehicles, and for any other public purpose authorized by the Constitution and Statutes of the State of Louisiana.

*3/10% Sales Tax Collection Fund*—accounts for the receipt and use of proceeds of the Town's 3/10% sales and use tax. These taxes are dedicated to operating and maintaining the municipal police department, paying or supplementing salaries of municipal employees, and purchasing, constructing, acquiring, extending and/or improving public works or capital improvements.

TOWN OF BALDWIN, LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*¾% Sales Tax Collection Fund*—accounts for the receipt and use of proceeds of the Town's ¾% sales and use tax. Proceeds are dedicated to the construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities. They may also be used for police and fire protection.

*½% Sales Tax Collection Fund*—accounts for the receipt and use of proceeds of the Town's ½% sales and use tax. Proceeds may be used for any lawful law enforcement purpose.

Proprietary Fund:

*Utility Fund*—accounts for the provision of gas, water, and sewerage services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Nonmajor Funds:

Special Revenue Fund:

*Special Fire Equipment Fund*—to account for funds designated by the Town to be used for the purchase of equipment for the fire department.

Debt Service Fund:

*Revenue Bond Sinking Fund*—to accumulate funds for payment of the principal and interest on the outstanding Revenue Bonds.

Capital Projects Funds:

*Recreation Fund*—to account for financing and construction of improvements to the recreation park and other recreation facilities of the Town.

*LCDBG Housing Rehabilitation Program*—accounts for the receipt and disbursement of federal grant funds passed through the State of Louisiana for rehabilitation of certain substandard residences located within the Town.

*Raintree Village Construction Fund*—to account for proceeds of Revenue Bonds issued for the purpose of paying the costs of planning, designing, acquiring and constructing certain infrastructure improvements.



## TOWN OF BALDWIN, LOUISIANA

### Notes to the Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included in the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned including unbilled water, sewer and gas services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenues at that time. The Town considers property taxes available if they are collected within 60 days after year end. Expenditures are recorded when the related liability is incurred. However, debt service expenditures are recorded only when payment is due.

Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services and interest on investments. Franchise fees, licenses, permits and fines are recognized when received because they are not objectively measurable.

##### Capital Assets

Capital assets, which include property, plant, equipment, and vehicles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statement for the proprietary fund. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

## TOWN OF BALDWIN, LOUISIANA

### Notes to the Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Assets capitalized have an original cost of \$2,500 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:*

Buildings	20-30 years
Improvements	10-40 years
Equipment	4-20 years
Autos and trucks	5-7 years

#### Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements”

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and Board of Aldermen for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfers of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenues Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

TOWN OF BALDWIN, LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

Statement of Cash Flows

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with accounting principles generally accepted in the United States of America (GAAP), use of this method does not result in a material difference from the valuation method required.

Vacation and Sick Leave

Vacation and sick leave are recorded as expenditures of the period in which paid. Sick leave does not accumulate and is not payable at termination of employment. Vacation must be taken in the year accrued and cannot be carried over. Any liability the Town might have in this regard at June 30, 2005, is considered immaterial; therefore, no liability has been recorded in the accounts.

Capitalization of Interest Expense

It is the policy of the Town of Baldwin to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. For the year ended June 30, 2005, no interest was capitalized.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures/expenses. Actual results may differ from those estimates.

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At

TOWN OF BALDWIN, LOUISIANA

Notes to the Financial Statements

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

June 30, 2005, the Town has cash and interest-bearing deposits (book balances) totaling \$2,204,063 as follows:

Demand deposits	\$ 741,960
Time deposits	1,462,003
Petty cash	<u>100</u>
Total	<u>\$ 2,204,063</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Bank balances at June 30, 2005 are secured as follows:

Bank balances	<u>\$ 2,220,628</u>
Federal deposit insurance	\$ 1,984,300
Pledged securities (Category 3)	<u>2,829,535</u>
Total	<u>\$ 4,813,835</u>
Excess of federal insurance & pledged securities over bank balance	<u>\$ 2,593,207</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Mary Parish. Town property tax revenues are budgeted in the year billed.

# TOWN OF BALDWIN, LOUISIANA

## Notes to the Financial Statements

### NOTE 3 AD VALOREM TAXES (CONTINUED)

For the year ended June 30, 2005, taxes of 11.81 mills were levied on property with assessed valuations totaling \$6,760,944 and were dedicated as follows:

General corporate purposes	11.81 mills
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Total taxes levied were \$79,847. The total amount of taxes receivable at June 30, 2005, was \$3,621.

### NOTE 4 INTERFUND RECEIVABLES/PAYABLES

	Interfund Receivables	Interfund Payables
General Fund		
Special Revenue Funds	\$ 70,739	\$ -
Special Revenue Funds		
General Fund	-	70,739
Total interfund receivables/payables	<u>\$ 70,739</u>	<u>\$ 70,739</u>

There were no interfund receivable/payables in the nonmajor funds. These receivables and payables reverse in the normal course of operations. All remaining balances resulted from time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payment between the funds are made.

### NOTE 5 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2005, consisted of the following:

Beer, video poker and Indian gaming mitigation	
taxes due from the State of Louisiana	\$ 45,831
Police salaries due from District Attorney	1,912
Martin Luther King Drainage Project grant monies due	
from the State of Louisiana	144,373
Police equipment grant monies due from State of Louisiana	<u>36,484</u>
Total due from other governmental units	<u>\$ 228,600</u>

### NOTE 6 RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 2005:

Revenue bond sinking fund	\$ 56,095
Revenue bond reserve fund	168,706
Revenue bond construction fund	297,154
Contingencies fund	60,000
Customers' deposits	<u>43,175</u>
	<u>\$ 625,130</u>

# TOWN OF BALDWIN, LOUISIANA

## Notes to the Financial Statements

### NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005, was as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 206,971	\$ -	\$ -	\$ 206,971
Construction in progress	<u>77,377</u>	<u>-</u>	<u>77,377</u>	<u>-</u>
	<u>284,348</u>	<u>-</u>	<u>77,377</u>	<u>206,971</u>
Capital assets being depreciated:				
Buildings	557,784	-	-	557,784
Improvements other than buildings	392,013	1,499,966	-	1,891,979
Equipment	238,583	35,775	-	274,358
Autos and trucks	<u>207,671</u>	<u>5,540</u>	<u>-</u>	<u>213,211</u>
Total capital assets being depreciated	<u>1,396,051</u>	<u>1,541,281</u>	<u>-</u>	<u>2,937,332</u>
Less accumulated depreciation for:				
Buildings	(243,144)	(13,945)	-	(257,089)
Improvements other than buildings	(19,787)	(19,601)	-	(39,388)
Equipment	(159,967)	(14,906)	-	(174,873)
Autos and trucks	<u>(206,241)</u>	<u>(356)</u>	<u>-</u>	<u>(206,597)</u>
Total accumulated depreciation	<u>(629,139)</u>	<u>(48,808)</u>	<u>-</u>	<u>(677,947)</u>
Total capital assets, being depreciated, net	<u>766,912</u>	<u>1,492,473</u>	<u>-</u>	<u>2,259,385</u>
Governmental activities capital assets, net	<u>\$ 1,051,260</u>	<u>\$ 1,492,473</u>	<u>\$ 77,377</u>	<u>\$ 2,466,356</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 116,110	\$ -	\$ -	\$ 116,110
Capital assets being depreciated:				
Gas utility system	431,409	-	-	431,409
Water utility system	2,602,214	-	-	2,602,214
Sewerage utility system	<u>3,547,285</u>	<u>2,997</u>	<u>-</u>	<u>3,550,282</u>
Total capital assets being depreciated	<u>6,580,908</u>	<u>2,997</u>	<u>-</u>	<u>6,583,905</u>
Less accumulated depreciation for:				
Gas utility system	(405,936)	(7,895)	-	(413,831)
Water utility system	(1,117,236)	(75,177)	-	(1,192,413)
Sewerage utility system	<u>(1,246,095)</u>	<u>(78,083)</u>	<u>-</u>	<u>(1,324,178)</u>
Total accumulated depreciation	<u>(2,769,267)</u>	<u>(161,155)</u>	<u>-</u>	<u>(2,930,422)</u>
Total capital assets, being depreciated, net	<u>3,811,641</u>	<u>(158,158)</u>	<u>-</u>	<u>3,653,483</u>
Business-type activities capital assets, net	<u>\$ 3,927,751</u>	<u>\$ (158,158)</u>	<u>\$ -</u>	<u>\$ 3,769,593</u>

# TOWN OF BALDWIN, LOUISIANA

## Notes to the Financial Statements

### NOTE 7 CAPITAL ASSETS (CONTINUED)

*Depreciation expense was charged as direct expense to programs of the primary government as follows:*

Governmental activities:

General government and administration	\$ 12,157
Public safety:	
Police	11,843
Fire	2,881
Streets and drainage	2,943
Culture and recreation	<u>18,984</u>
Total depreciation expense, governmental activities	<u>\$ 48,808</u>

Business-type activities:

Utilities	<u>\$ 161,155</u>
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### NOTE 8 LONG-TERM DEBT

The Town of Baldwin has the following revenue bond issues outstanding as of June 30, 2005:

	<u>Governmental</u>	<u>Business-type</u>
\$750,000 Utilities Revenue Bonds, Series 1999, interest payable semi-annually on May 1 and November 1, bearing interest at 4.95% per annum, with varying annual principal maturities from May 2000 to 2014.	\$ -	\$515,000
\$1,250,000 Utilities Revenue Bonds, Series 2001, interest payable semi-annually on May 1 and November 1, bearing interest at 3.45% per annum, plus a .5% per annum administrative fee, with varying annual principal maturities from May 2003 to 2021.	-	1,108,373
\$1,000,000 Revenue Bonds, Series 2001, interest payable semi-annually on May 1 and November 1, bearing interest at 5.10% per annum, with varying annual principal maturities from November 2002 to 2014.	830,000	-

# TOWN OF BALDWIN, LOUISIANA

## Notes to the Financial Statements

### NOTE 8 LONG-TERM DEBT (CONTINUED)

Transactions for the year ended June 30, 2005 are summarized as follows:

	<u>Governmental</u>	<u>Business-type</u>
\$500,000 Revenue Bonds, Series 2002, interest payable semi-annually on May 1 and November 1, bearing interest at 4.85% per annum, with varying annual principal maturities from November 2003 to 2014.	<u>435,000</u>	<u>-</u>
Total bonds payable	<u>\$ 1,265,000</u>	<u>\$ 1,623,373</u>

Transactions for the year ended June 30, 2005 are summarized as follows:

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>	<u>Due Within One Year</u>
<u>Governmental</u> <u>Activities:</u>					
Revenue bonds payable	<u>\$ 1,360,000</u>	<u>\$ -</u>	<u>\$ 95,000</u>	<u>\$ 1,265,000</u>	<u>\$ 100,000</u>
<u>Business-type</u> <u>Activities:</u>					
Revenue bonds payable	<u>1,717,000</u>	<u>-</u>	<u>93,627</u>	<u>1,623,373</u>	<u>96,000</u>
Total	<u>\$ 3,077,000</u>	<u>\$ -</u>	<u>\$ 188,627</u>	<u>\$ 2,888,373</u>	<u>\$ 196,000</u>

The annual requirements to amortize all debt outstanding as of June 30, 2005 are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	100,000	60,921	96,000	63,718
2007	100,000	55,909	103,000	59,732
2008	110,000	50,648	105,000	55,428
2009	115,000	45,010	112,000	51,056
2010	130,000	32,849	115,000	79,107
2011 - 2015	710,000	100,299	595,000	121,479
2016 - 2020	-	-	406,000	58,822
2021	-	-	91,373	3,139
Total	<u>\$ 1,265,000</u>	<u>\$ 345,636</u>	<u>\$ 1,623,373</u>	<u>\$ 492,481</u>



# TOWN OF BALDWIN, LOUISIANA

## Notes to the Financial Statements

### NOTE 9 INTERFUND TRANSFERS

#### Operating Transfers

	Transfers in	Transfers out
Governmental Funds:		
General Fund:		
Enterprise Funds	\$ 63	\$ 2,815
Special Revenue Fund	540,908	395,437
Nonmajor Governmental		
Capital Project Fund	44,636	100
Special Revenue Fund	-	3,000
Total General Fund	585,607	401,352
Special Revenue:		
Capital Project Fund	40,000	40,000
General Fund	450,437	585,544
Enterprise Funds	-	5,000
Total Special Revenue Funds	490,437	630,544
Enterprise Funds:		
General Fund	2,815	63
Special Revenue Funds	5,000	55,000
Total Enterprise Funds	7,815	55,063
Nonmajor Governmental Funds		
Capital Projects:		
Capital Projects Funds	40,100	-
Special Revenue Funds	-	40,000
Special Revenue:		
Special Fire Equipment Fund	3,000	-
Total Nonmajor Governmental Funds	43,100	40,000
Grand Total of Interfund Transfers	\$ 1,126,959	\$ 1,126,959

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## TOWN OF BALDWIN, LOUISIANA

### Notes to the Financial Statements

#### NOTE 10 FLOW OF FUNDS; RESTRICTIONS ON USE – UTILITIES REVENUES

Under the terms of the bond indentures on outstanding Utilities System revenue bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utilities System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the "Revenue Bond Sinking Fund" an amount constituting  $\frac{1}{12}$  of the next maturing principal payment and  $\frac{1}{6}$  of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a "Revenue Bond Reserve Fund" an amount equal to the highest combined principal and interest requirements on the bonds for any succeeding fiscal year. Such amount may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the Revenue Bond Sinking Fund and as to which there would otherwise be default.

Funds totaling \$60,000 will also be set aside into a "Contingencies Fund." These funds may be used for the making of extensions, additions, improvements, renewals and replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. However, a balance of \$5,000 must be maintained for the making of emergency repairs or replacements.

All revenue received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

#### NOTE 11 DEDICATION OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAXES

The Town of Baldwin collects sales taxes under four sales tax levies as follows:

Proceeds of a 1% parish wide sales and use tax levied in 1966 (2005 collections \$245,942). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is remitted to each participating municipality on a monthly basis. Proceeds of this tax shall be used for the following purposes: construction, acquisition, improvement, maintenance and repairs of streets, capital improvements, public works and buildings (including the acquisition of sites and necessary fixtures, equipment, furnishings and appurtenances, and the payment of obligations and refunding obligations which have been or may be issued for the purpose of acquiring and improving public works and buildings); for payment or supplementing salaries of all municipal employees; for the operation of recreational facilities; for the acquisition, maintenance, repairs and payment of operating expenses of equipment, vehicles, and other machinery owned by the municipality, and for any other public purpose authorized by state law.

## TOWN OF BALDWIN, LOUISIANA

### Notes to the Financial Statements

#### NOTE 11 DEDICATION OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAXES (CONTINUED)

Proceeds of a 3/10 of 1% sales and use tax levied in 1982 (2005 collections \$62,725). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly to each participating municipality. Proceeds are dedicated to the following purposes; operating and maintaining the police department, including the acquisition and maintenance of equipment and supplies; paying or supplementing the salaries of municipal employees; and purchasing, constructing, acquiring, extending and/or improving all or any portion of public works or capital improvements, including but not limited to the construction, improvement and maintenance of drainage, water, and flood control extensions and improvements and the acquisition, construction, improvement, maintenance and repair of streets, roads, and bridges.

*Proceeds of a ¼ of 1% sales and use tax levied in 1974 (2005 collections \$245,566). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly to each participating municipality. Proceeds are to be used for the construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works, and other facilities for pollution control and abatement; and to pay debt service requirements on bonds issued for any of the above-mentioned purposes. This tax is to be collected until all bonds payable shall have been paid in full in principal and interest.*

Proceeds of a ½% parish wide sales and use tax levied in 1998 (2005 collections \$81,699). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is remitted to the St. Mary Parish Sheriff, the Parish of St. Mary and each participating municipality on a monthly basis. Proceeds of this tax may be used by the municipalities for any lawful law enforcement purpose.

#### NOTE 12 PENSION PLANS

Eligible employees of the Town participate in one of three multiple-employer public employee retirement systems (PERS), which are controlled and administered by a separate board of trustees. These retirement systems provide retirement, disability and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows:

##### Municipal Employees' Retirement System

Plan members are required to contribute 5.0 percent of their annual covered salary to the system while the Town is required to contribute the statutory rate of 9.5 percent of the total annual covered salary. The Town's contributions to the system for the years ended June 30, 2005, 2004 and 2003 were \$34,438, \$26,748, and \$20,710, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Bldg., Baton Rouge, Louisiana 70809.

TOWN OF BALDWIN, LOUISIANA

Notes to the Financial Statements

NOTE 12 PENSION PLANS (CONTINUED)

Municipal and State Police Retirement System of Louisiana

Plan members are required to contribute 7.5 percent of their annual covered salary to the system while the Town is required to contribute the statutory rate of 21.50 percent of the total annual covered salary. The Town's contributions to the system for the years ended June 30, 2005, 2004 and 2003 were \$21,350, \$10,395, and \$13,379, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Police Employees' Retirement System, P. O. Box 94095 – Capital Station, Baton Rouge, Louisiana 70804.

Firefighters' Retirement System

Plan members are required to contribute 8.0 percent of their annual covered salary to the system while the Town is required to contribute the statutory rate of 9.0 percent of the total annual covered salary through February, 2005 and 24.00 percent thereafter. The Town's contributions to the system for the years ended June 30, 2005, 2004 and 2003 were \$2,145, \$2,214, and \$3,455, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Firefighters' Retirement System, P. O. Box 94095 – Capital Station, Baton Rouge, Louisiana 70804.

NOTE 13 SEGMENT INFORMATION FOR THE ENTERPRISE FUND

The Town of Baldwin maintains one enterprise fund with three departments which provide gas, water and sewerage services. Segment information for the years ended June 30, 2005 and June 30, 2004 is presented on page 67-68.

NOTE 14 COMPENSATION OF TOWN OFFICIALS

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2005, follows:

Wayne J. Breaux, Mayor	\$ 33,600
Aldermen:	
Herbert Druilhet, Jr.	3,600
Gene St. Germain	3,600
Mike Lancelin	3,600
Mike Ceaser	3,600
Clarence Vappie	<u>3,600</u>
	<u>\$ 51,600</u>

TOWN OF BALDWIN, LOUISIANA

Notes to the Financial Statements

NOTE 15 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Town is insured up to policy limits for each of the above risks. *There were no significant changes in coverage's, retentions, or limits during the year ended June 30, 2005.* Settled claims have not exceeded the commercial coverage's in any of the previous three fiscal years.

NOTE 16 COOPERATIVE ENDEAVOR AGREEMENT

The Town has also entered into an agreement with the Parish of St. Mary and the Chitimacha Tribe of Louisiana, whereby the Town will contract for necessary engineering and construction of certain infrastructure improvements near the Ralph Darden Parkway in the amount not to exceed \$2,500,000. The Town of Baldwin shall issue revenue bonds not to exceed \$2,500,000 to cover the costs of the improvements. The agreement states that debt service requirements related to the subsequent bond issuance shall be funded by grant payments by the Chitimacha Tribe to St. Mary Parish which will then be transferred to the Town of Baldwin prior to the due dates of the bond principal and interest. In October 2001, the Town issued \$1,000,000 of revenue bonds to begin the first phase of this project, and in October 2002 the Town issued the next \$500,000 of revenue bonds to continue project development.

NOTE 17 LEASE COMMITMENT

The Town of Baldwin entered into a noncancelable operating lease for a piece of equipment. The lease calls for 39 monthly payments of \$146. Rent expense for the operating lease was \$1,752 for the fiscal year. The following is a schedule of future minimum rental payments required under the noncancelable operating lease:

Year ended June 30,

2006

\$ 2,190

The Town also has a lease of moveable property under a cancelable lease.

TOWN OF BALDWIN, LOUISIANA

Notes to the Financial Statements

NOTE 18 SUBSEQUENT EVENTS—HURRICANES KATRINA AND RITA

Subsequent to our report date, but prior to the final issuance of our report, Hurricanes Katrina and Rita hit the coasts of southeast and southwest Louisiana. The Town of Baldwin incurred approximately \$41,200 of additional expenditures due to these storms. Costs incurred due to Hurricane Katrina for increased security and sheltering of displaced individuals amounted to approximately \$1,200 and has been totally reimbursed by FEMA. The Town sustained greater expenditures due to Hurricane Rita in the form of increased security, sheltering, flood prevention and property damage. The majority of the property damage was to the Ball Park lights. The anticipated expenditures for Hurricane Rita will amount to approximately \$40,000.

These additional expenditures were incurred by the Town as a direct result of these storms and will not be covered by insurance. It is anticipated that reimbursement of most of these costs may be funded by FEMA or other governmental agencies.

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes:				
Ad valorem taxes	\$ 74,000	\$ 74,000	\$ 79,648	\$ 5,648
Licenses and permits:				
Occupational licenses	52,000	52,000	46,289	(5,711)
Franchise fees	55,000	55,000	58,999	3,999
Permits	1,000	1,000	388	(612)
Intergovernmental:				
State of Louisiana -				
Beer taxes	5,500	5,500	4,368	(1,132)
Video poker	7,000	7,000	2,480	(4,520)
Indian gaming	175,000	175,000	175,000	-
District Attorney	-	-	12,481	12,481
Fines and forfeits	40,000	40,000	27,821	(12,179)
Miscellaneous:				
Interest	500	500	113	(387)
Collection fees	3,000	3,000	2,702	(298)
Mosquito control fees	21,000	21,000	21,094	94
Other sources	<u>17,000</u>	<u>17,000</u>	<u>167</u>	<u>(16,833)</u>
Total revenues	<u>451,000</u>	<u>451,000</u>	<u>431,550</u>	<u>(19,450)</u>



TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule (Continued)

General Fund

Year Ended June 30, 2005

	Budgeted Amounts		Actual	Final Budget
	Original	Final	Amounts	Positive (Negative)
Expenditures:				
General government:				
Administration:				
Salaries	70,000	70,000	60,899	9,101
Payroll taxes	47,000	47,000	47,645	(645)
Retirement contributions	20,000	20,000	34,438	(14,438)
Group insurance	90,000	90,000	83,221	6,779
General insurance	67,000	67,000	43,911	23,089
Professional fees	20,000	20,000	19,572	428
Aldermen fees	18,000	18,000	18,000	-
Dues	2,000	2,000	1,151	849
Office expense	18,000	18,000	283	17,717
Assessment rolls and tax notices	1,200	1,200	2,262	(1,062)
Telephone	3,200	3,200	2,630	570
Tools and supplies	11,000	11,000	7,695	3,305
Maintenance and repairs	5,000	5,000	7,411	(2,411)
Fuel	2,100	2,100	989	1,111
Printing and advertising	3,500	3,500	4,964	(1,464)
Mosquito abatement	20,000	20,000	8,718	11,282
Miscellaneous	7,000	7,000	4,366	2,634
Total administrative	405,000	405,000	348,155	56,845
Public safety:				
Police-				
Retirement contributions	17,500	17,500	21,350	(3,850)
Insurance	55,000	55,000	42,717	12,283
Supplemental pay	-	-	14,400	(14,400)
Miscellaneous	-	-	1,693	(1,693)
Total police	72,500	72,500	80,160	(7,660)
Fire-				
Convention expenses	2,500	2,500	2,600	(100)
Retirement contributions	5,000	5,000	2,145	2,855
Total fire	7,500	7,500	4,745	2,755
Total public safety	80,000	80,000	84,905	(4,905)

TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule (Continued)  
General Fund  
Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Streets and drainage:				
Salaries	109,000	109,000	110,077	(1,077)
Lights	21,000	21,000	23,698	(2,698)
Insurance	25,000	25,000	33,773	(8,773)
Materials and supplies	10,000	10,000	7,768	2,232
Equipment maintenance	8,000	8,000	7,657	343
Other	4,200	4,200	4,026	174
Total streets and drainage	<u>177,200</u>	<u>177,200</u>	<u>186,999</u>	<u>(9,799)</u>
Culture and recreation:				
Utilities	-	-	5,773	(5,773)
Beautification project	4,000	4,000	408	3,592
Maintenance and repair	-	-	533	(533)
Miscellaneous	55,000	55,000	10,705	44,295
Total culture and recreation	<u>59,000</u>	<u>59,000</u>	<u>17,419</u>	<u>41,581</u>
Capital outlay:				
Administrative equipment	-	-	-	-
Street equipment	5,000	5,000	-	5,000
Total capital outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>726,200</u>	<u>726,200</u>	<u>637,478</u>	<u>88,722</u>
Deficiency of revenues over expenditures	<u>(275,200)</u>	<u>(275,200)</u>	<u>(205,928)</u>	<u>69,272</u>
Other financing sources (uses):				
Operating transfers in	245,000	245,000	585,607	340,607
Operating transfers out	<u>(3,000)</u>	<u>(3,000)</u>	<u>(401,353)</u>	<u>(398,353)</u>
Total other financing sources (uses)	<u>242,000</u>	<u>242,000</u>	<u>184,254</u>	<u>(57,746)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(33,200)	(33,200)	(21,674)	11,526
Fund balance, beginning of year	<u>108,382</u>	<u>108,382</u>	<u>108,382</u>	<u>-</u>
Fund balance, end of year	<u>\$ 75,182</u>	<u>\$ 75,182</u>	<u>\$ 86,708</u>	<u>\$ 11,526</u>

TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule  
1% Sales Tax Collection Fund  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes - sales tax	\$ 247,000	\$ 247,000	\$ 245,942	\$ (1,058)
Miscellaneous - interest on deposits	<u>500</u>	<u>500</u>	<u>146</u>	<u>(354)</u>
Total revenues	<u>247,500</u>	<u>247,500</u>	<u>246,088</u>	<u>(1,412)</u>
Expenditures	<u>-</u>	<u>-</u>	<u>39</u>	<u>(39)</u>
Excess of revenues over expenditures	<u>247,500</u>	<u>247,500</u>	<u>246,049</u>	<u>(1,451)</u>
Other financing uses:				
Operating transfers out	<u>(245,000)</u>	<u>(245,000)</u>	<u>(273,500)</u>	<u>(28,500)</u>
Excess (deficiency) of revenues over (under) other financing uses	2,500	2,500	(27,451)	(29,951)
Fund balance, beginning of year	<u>55,547</u>	<u>55,547</u>	<u>55,547</u>	<u>-</u>
Fund balance, end of year	<u>\$ 58,047</u>	<u>\$ 58,047</u>	<u>\$ 28,096</u>	<u>\$ (29,951)</u>

TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule  
3/10% Sales Tax Collection Fund  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes - sales tax	\$ 66,000	\$ 66,000	\$ 62,725	\$ (3,275)
Miscellaneous				
Interest on deposits	4,000	4,000	6,075	2,075
Intergovernmental:				
State of Louisiana	-	-	584,034	584,034
St. Mary Parish	-	-	200,000	200,000
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>852,834</u>	<u>782,834</u>
Expenditures:				
Streets and drainage	-	-	2,189	(2,189)
Capital outlay	<u>400,000</u>	<u>400,000</u>	<u>1,341,221</u>	<u>(941,221)</u>
Total expenditures	<u>400,000</u>	<u>400,000</u>	<u>1,343,410</u>	<u>(943,410)</u>
Excess (deficiency) of revenues over expenditures	<u>(330,000)</u>	<u>(330,000)</u>	<u>(490,576)</u>	<u>(160,576)</u>
Other financing sources (uses):				
Operating transfers in	-	-	95,000	95,000
Operating transfers out	<u>(107,000)</u>	<u>(107,000)</u>	<u>(84,635)</u>	<u>22,365</u>
Total other financing sources (uses)	<u>(107,000)</u>	<u>(107,000)</u>	<u>10,365</u>	<u>117,365</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	(437,000)	(437,000)	(480,211)	(43,211)
Fund balance, beginning of year	<u>687,424</u>	<u>687,424</u>	<u>687,424</u>	<u>-</u>
Fund balance, end of year	<u>\$ 357,424</u>	<u>\$ 250,424</u>	<u>\$ 207,213</u>	<u>\$ (43,211)</u>

TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule  
¾% Sales Tax Collection Fund  
Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes - sales tax	\$ 245,000	\$ 245,000	\$ 245,566	\$ 566
Charges for services	85,000	85,000	96,551	11,551
Miscellaneous -				
Interest on deposits	1,000	1,000	1,519	519
Other	-	-	15	15
Total revenues	<u>331,000</u>	<u>331,000</u>	<u>343,651</u>	<u>12,651</u>
<b>Expenditures:</b>				
Public safety -				
Fire:				
Salaries	21,300	21,300	14,927	6,373
Insurance	23,000	23,000	25,226	(2,226)
Telephone	3,200	3,200	3,240	(40)
Building maintenance	2,000	2,000	1,431	569
Equipment maintenance	2,000	2,000	5,091	(3,091)
Utilities	3,000	3,000	4,510	(1,510)
Fuel	3,600	3,600	3,972	(372)
Supplies	2,000	2,000	696	1,304
Uniforms	800	800	720	80
Miscellaneous	2,000	2,000	1,467	533
Total fire	<u>62,900</u>	<u>62,900</u>	<u>61,280</u>	<u>1,620</u>
Sanitation -				
Salaries	108,000	108,000	107,052	948
Equipment maintenance	8,000	8,000	10,951	(2,951)
Waste disposal fees	52,000	52,000	54,294	(2,294)
Miscellaneous	4,200	4,200	6,858	(2,658)
Total sanitation	<u>172,200</u>	<u>172,200</u>	<u>179,155</u>	<u>(6,955)</u>
Capital outlay -				
Sanitation	<u>85,000</u>	<u>85,000</u>	-	<u>85,000</u>
Total capital outlay	<u>85,000</u>	<u>85,000</u>	-	<u>85,000</u>
Total expenditures	<u>320,100</u>	<u>320,100</u>	<u>240,435</u>	<u>79,665</u>
Excess of revenue over expenditures	10,900	10,900	103,216	92,316

TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule (Continued)  
 $\frac{3}{4}$ % Sales Tax Collection Fund  
 Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Other financing sources (uses):				
Operating transfers in	-	-	121,885	121,885
Operating transfers out	<u>(170,000)</u>	<u>(170,000)</u>	<u>(272,408)</u>	<u>(102,408)</u>
Total other financing sources	<u>(170,000)</u>	<u>(170,000)</u>	<u>(150,523)</u>	<u>19,477</u>
Deficiency of revenues and other				
financing sources under expenditures				
and other financing uses	(159,100)	(159,100)	(47,307)	111,793
Fund balance, beginning of year	<u>151,844</u>	<u>151,844</u>	<u>151,844</u>	<u>-</u>
Fund balance, end of year	<u>\$ (7,256)</u>	<u>\$ (7,256)</u>	<u>\$ 104,537</u>	<u>\$ 111,793</u>

TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule  
1/2% Sales Tax Collection Fund  
Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - sales tax	\$ 82,000	\$ 82,000	\$ 81,699	\$ (301)
Intergovernmental -				
State	-	-	38,376	38,376
Miscellaneous -				
Interest on deposits	-	-	36	36
Other	<u>3,000</u>	<u>3,000</u>	<u>1,559</u>	<u>(1,441)</u>
Total revenues	<u>85,000</u>	<u>85,000</u>	<u>121,670</u>	<u>36,670</u>
Expenditures:				
Public safety -				
Police:				
Salaries	265,000	265,000	272,387	(7,387)
Insurance	-	-	5,210	(5,210)
Telephone	8,000	8,000	6,157	1,843
Building maintenance	5,000	5,000	5,635	(635)
Equipment maintenance	28,500	28,500	17,932	10,568
Prison expense	6,000	6,000	3,836	2,164
Supplies	13,000	13,000	13,723	(723)
Utilities	6,500	6,500	7,402	(902)
Fuel	17,000	17,000	16,639	361
Uniforms	4,000	4,000	1,613	2,387
Autopsy expenses	2,000	2,000	400	1,600
Miscellaneous	<u>5,500</u>	<u>5,500</u>	<u>8,888</u>	<u>(3,388)</u>
Total police	<u>360,500</u>	<u>360,500</u>	<u>359,822</u>	<u>678</u>
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>41,880</u>	<u>(26,880)</u>
Total expenditures	<u>375,500</u>	<u>375,500</u>	<u>401,702</u>	<u>(26,202)</u>
Deficiency of revenues under expenditures	<u>(290,500)</u>	<u>(290,500)</u>	<u>(280,032)</u>	<u>10,468</u>
Other financing sources:				
Operating transfers in	<u>277,000</u>	<u>277,000</u>	<u>273,552</u>	<u>(3,448)</u>
Deficiency of revenues and other financing sources under expenditures	<u>(13,500)</u>	<u>(13,500)</u>	<u>(6,480)</u>	<u>7,020</u>
Fund balance, beginning of year	<u>6,480</u>	<u>6,480</u>	<u>6,480</u>	<u>-</u>
Fund balance, end of year	<u>\$ (7,020)</u>	<u>\$ (7,020)</u>	<u>\$ -</u>	<u>\$ 7,020</u>

## **SUPPLEMENTAL INFORMATION SECTION**



TOWN OF BALDWIN, LOUISIANA  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2005

	Special Revenue	Debt Service	Capital Projects			
	Special Fire Equipment Fund	Revenue Bond Sinking Fund	Raintree Village Construction Fund	LCDBG Housing Rehabilitation Program	Recreation Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash	\$ 19,162	\$ 1,870	\$ 304,856	\$ 84	\$ 147,926	\$ 473,898
Interest-bearing deposits	-	-	-	-	50,000	50,000
Bond issue costs, net of amortization	-	-	5,716	-	-	5,716
Total assets	<u>\$ 19,162</u>	<u>\$ 1,870</u>	<u>\$ 310,572</u>	<u>\$ 84</u>	<u>\$ 197,926</u>	<u>\$ 529,614</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 521	\$ 521
Fund balances:						
Reserved -						
Debt service	-	1,870	-	-	-	1,870
Capital outlay	-	-	310,572	84	-	310,656
Unreserved -						
Undesignated	19,162	-	-	-	197,405	216,567
Total fund balances	<u>19,162</u>	<u>1,870</u>	<u>310,572</u>	<u>84</u>	<u>197,405</u>	<u>529,093</u>
Total liabilities and fund balances	<u>\$ 19,162</u>	<u>\$ 1,870</u>	<u>\$ 310,572</u>	<u>\$ 84</u>	<u>\$ 197,926</u>	<u>\$ 529,614</u>

TOWN OF BALDWIN, LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2005

	Special Revenue	Debt Service	Capital Projects			
	Special Fire Equipment Fund	Revenue Bond Sinking Fund	Raintree Village Construction Fund	LCDBG Housing Rehabilitation Program	Recreation Fund	Total Nonmajor Governmental Funds
Revenues:						
Intergovernmental						
Federal grant	\$ -	\$ -	\$ -	\$ 14,660	\$ -	\$ 14,660
State grant	-	-	-	-	89,200	89,200
Parish grant	-	160,806	-	-	-	160,806
Miscellaneous						
Interest on deposits	89	133	2,520	-	1,675	4,417
Other	-	-	-	-	11,300	11,300
Total revenues	<u>89</u>	<u>160,939</u>	<u>2,520</u>	<u>14,660</u>	<u>102,175</u>	<u>280,383</u>
Expenditures:						
General government	-	-	755	52	10,937	11,744
Public safety:						
Fire	23	-	-	-	-	23
Supporting services -						
Housing rehabilitation	-	-	-	14,600	-	14,600
Capital outlay	-	-	-	-	81,366	81,366
Debt Service -						
Principal	-	95,000	-	-	-	95,000
Interest	-	65,806	-	-	-	65,806
Total expenditures	<u>23</u>	<u>160,806</u>	<u>755</u>	<u>14,652</u>	<u>92,303</u>	<u>268,539</u>
Excess (deficiency) of revenues over expenditures	<u>66</u>	<u>133</u>	<u>1,765</u>	<u>8</u>	<u>9,872</u>	<u>11,844</u>
Other financing sources (uses):						
Operating transfers in	3,000	-	-	100	40,000	43,100
Operating transfers out	-	-	-	-	(40,000)	(40,000)
Total other financing sources (uses)	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>3,100</u>
Excess of revenues and other financing sources over expenditures and other financing uses	3,066	133	1,765	108	9,872	14,944
Fund balances, beginning of year	<u>16,096</u>	<u>1,737</u>	<u>308,807</u>	<u>(24)</u>	<u>187,533</u>	<u>514,149</u>
Fund balances, end of year	<u>\$ 19,162</u>	<u>\$ 1,870</u>	<u>\$ 310,572</u>	<u>\$ 84</u>	<u>\$ 197,405</u>	<u>\$ 529,093</u>

**INTERNAL CONTROL  
AND  
COMPLIANCE**



## Darnall, Sikes, Gardes Frederick.

(A Corporation of Certified Public Accountants)

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Wayne Breaux, Mayor  
And Members of the Board of Aldermen  
Town of Baldwin, Louisiana

We have audited the financial statements of the Town of Baldwin, Louisiana as of and for the year ended June 30, 2005, and have issued our report thereon dated September 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Town of Baldwin, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The result of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2005-2 through 2005-5.

#### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Baldwin, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted two matters involving the internal control over reporting and its operations that we consider to be a reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Baldwin, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2005-1 and 2005-6.

Eugene H. Darnall, CPA, Retired 1990  
Paula D. Bihm, CPA Deceased 2002

E. Larry Sikes, CPA, CVA, CFP<sup>TM</sup>  
Danny P. Frederick, CPA  
Clayton E. Darnall, CPA, CVA  
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American Institute of  
Certified Public Accountants  
  
Society of Louisiana  
Certified Public Accountants

A material weakness is a condition in which the design or operation of one or more of the *internal control components does not reduce to a relatively low level the risk that* misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control structure over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable conditions described above as 2005-1 and 2005-6 to be material weaknesses.

This report is intended for the information of the management and federal awarding agencies and pass-through entities. *However, this report is a matter of public record and its distribution is not limited.*

*Dannall, Sikes, Gaudes & Frederick*  
A Corporation of Certified Public Accountants

Morgan City, Louisiana  
September 16, 2005

TOWN OF BALDWIN, LOUISIANA

Summary Schedule of Prior Year Findings  
Year Ended June 30, 2005

- 2004-1 Finding: Inadequate segregation of accounting functions  
Status: This finding is unresolved. See current year finding 2005-1.
- 2004-2 Finding: Sinking fund transfers not done timely  
Status: This finding is unresolved. See current year finding 2005-2.
- 2004-3 Finding: Bond covenants were violated  
Status: This finding is unresolved. See current year finding 2005-3.
- 2004-4 Finding: Unclaimed customer deposits not turned over to the State of Louisiana  
Status: This finding is unresolved. See current year finding 2005-5.
- 2004-5 Finding: Bond payments not made timely  
Status: This finding has been resolved.

TOWN OF BALDWIN, LOUISIANA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005

Part 1 Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Town of Baldwin, Louisiana's financial statements as of and for the year ended June 30, 2005.

Reportable Conditions – Financial Reporting

There are two reportable conditions in internal control over financial reporting that was disclosed during the audit of the financial statements and are shown as items 2005-1 and 2005-6 in Part 2 and are considered material weaknesses.

Material Noncompliance – Financial Reporting

The results of our tests disclosed instances of noncompliance which are required to be reported under *Government Auditing Standards* which are shown as items 2005-2 through 2005-5 in Part 2.

FEDERAL AWARDS

This section is not applicable for the year ended June 30, 2005.

Part 2: Findings Relating to an Audit in Accordance with *Governmental Auditing Standards*

2005-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, the Town of Baldwin, Louisiana did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost benefit of additional personal, it may not be feasible to achieve complete segregation of duties.

TOWN OF BALDWIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2005

Part 2: Findings Relating to an Audit in Accordance with *Governmental Auditing Standards (continued)*

2005-2 Sinking fund transfer not done timely

Finding:

Sinking fund transfers were not consistently made on or before the twentieth of the month.

Recommendation:

The Town of Baldwin should transfer sinking fund payments on or before the twentieth of the month.

2005-3 Bond covenants were violated

Finding:

Reserve and contingency accounts were not set up as required by bond covenants.

Recommendation:

The Town of Baldwin should set up reserve and contingency accounts as required.

2005-4 Bond covenants were violated

Finding:

Fire insurance coverage was allowed to lapse. Bond covenants require that adequate insurance be maintained on all assets of the entity.

Recommendation:

The Town of Baldwin should maintain fire insurance on all of its assets.

2005-5 Unclaimed customer deposits not turned over to the State of Louisiana

Finding:

Customers that have deposits remaining after the deposit has been applied to the final utility bill has not been turned over to the State of Louisiana as required by law.

Recommendation:

State law requires that the deposit be refunded or turned over to the State after one year.



TOWN OF BALDWIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2005

Part 2: Findings Relating to an Audit in Accordance with *Governmental Auditing Standards (continued)*

2005-6 Cash accounts not reconciled timely

Finding:

There were several cash accounts that were not reconciled.

Recommendation:

All cash accounts should be reconciled timely.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2005, the Town of Baldwin, Louisiana did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable.

TOWN OF BALDWIN, LOUISIANA

Management's Corrective Action Plan for Current Year Findings  
Year Ended June 30, 2005

*Response to Finding 2005-1:*

No response is considered necessary.

*Response to Finding 2005-2:*

The Town will implement a review process to insure that all sinking fund deposits are made on or before the twentieth of the month.

*Response to Finding 2005-3:*

The Town will transfer the additional funds to the reserve and contingency funds.

*Response to Finding 2005-4:*

The Town will implement procedures to insure that all assets of the Town are adequately covered by insurance.

*Response to Finding 2005-5:*

The Town has calculated this liability and is in the process of remitting the funds to the State of Louisiana.

*Response to Finding 2005-6:*

The Town will implement procedures to ensure that all cash accounts are reconciled in a timely manner.

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## **OTHER SUPPLEMENTARY INFORMATION**

TOWN OF BALDWIN, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
June 30, 2005

Records maintained by the Town indicated the following numbers of customers were being served during the month of June 2005 and 2004:

<u>Department</u>	<u>2005</u>	<u>2004</u>
Gas	645	652
Water	780	776
Sewerage	857	848

TOWN OF BALDWIN, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses  
Years Ended June 30, 2005 and 2004

	Totals	
	2005	2004
Operating revenues:		
Charges for services -		
Customers	\$ 490,882	\$ 450,514
Delinquent charges	15,390	15,065
Commissions, transfers and reconnections	<u>2,321</u>	<u>2,898</u>
Total operating revenues	<u>508,593</u>	<u>468,477</u>
Operating expenses:		
Salaries	63,600	63,600
Gas purchases	192,685	172,459
Water purchases	1,143	-
Meter expense and supplies	18,355	13,305
Insurance	2,815	4,174
Power	37,939	35,227
Postage and stationery	2,865	2,764
Drug testing	1,635	1,500
Inspection and tests	2,171	10,579
Depreciation	161,156	177,573
Bad debts	5,540	22,792
Repairs and maintenance	46,551	51,066
Waste water analysis	1,689	1,590
Brine and chemicals	25,173	26,985
Miscellaneous	<u>10,770</u>	<u>12,090</u>
Total operating expenses	<u>574,087</u>	<u>595,704</u>
Operating income (loss)	(65,494)	(127,227)
Nonoperating revenues:		
Interest income	14,285	17,597
Interest and fiscal charges	<u>(75,554)</u>	<u>(81,973)</u>
Total nonoperating revenues (expenses)	<u>(61,269)</u>	<u>(64,376)</u>
Loss before other financing sources	(126,763)	(191,603)
Other financing sources (uses):		
Operating transfers in	314,509	65,952
Operating transfers out	<u>(361,757)</u>	<u>(24,750)</u>
Total other financing sources (uses)	<u>(47,248)</u>	<u>41,202</u>
Net loss	<u>\$ (174,011)</u>	<u>\$ (150,401)</u>

Gas		Water		Sewerage	
<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
\$ 269,279	\$ 258,743	\$ 133,824	\$ 108,195	\$ 87,779	\$ 83,576
7,991	7,855	4,499	4,118	2,900	3,092
<u>1,156</u>	<u>1,198</u>	<u>410</u>	<u>950</u>	<u>755</u>	<u>750</u>
<u>278,426</u>	<u>267,796</u>	<u>138,733</u>	<u>113,263</u>	<u>91,434</u>	<u>87,418</u>
24,000	24,000	21,600	21,600	18,000	18,000
192,685	172,459	-	-	-	-
-	-	1,143	-	-	-
9,799	3,869	8,556	8,096	-	1,340
2,815	4,174	-	-	-	-
-	-	20,828	18,984	17,111	16,243
2,865	2,764	-	-	-	-
1,635	1,500	-	-	-	-
2,171	10,579	-	-	-	-
7,896	9,508	75,177	89,532	78,083	78,533
1,850	6,461	2,165	7,898	1,525	8,433
569	7,306	22,446	15,980	23,536	27,780
-	-	-	-	1,689	1,590
-	-	24,235	26,419	938	566
<u>3,456</u>	<u>2,358</u>	<u>4,492</u>	<u>6,253</u>	<u>2,822</u>	<u>3,479</u>
<u>249,741</u>	<u>244,978</u>	<u>180,642</u>	<u>194,762</u>	<u>143,704</u>	<u>155,964</u>
<u>\$ 28,685</u>	<u>\$ 22,818</u>	<u>\$ (41,909)</u>	<u>\$ (81,499)</u>	<u>\$ (52,270)</u>	<u>\$ (68,546)</u>

TOWN OF BALDWIN

Schedule of Insurance in Force  
(Unaudited)  
June 30, 2005

<u>Description of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Amounts</u>
Workmen's compensation	LMA		Statutory
Surety bonds:			
Mrs. Lorraine Boudreaux	Western Surety	11/2/2005	5,000
Mrs. Lorraine Thibodeaux	Western Surety	12/14/2005	5,000
Mrs. Sonia Charles	Western Surety	11/30/2005	5,000
Wayne Breaux	Western Surety	2/3/2006	5,000
Gerald Minor	Western Surety	11/18/2005	5,000
Bell South	Western Surety	6/24/2006	10,000
General liability	St. Paul	7/1/2005	500,000
Law enforcement liability	St. Paul	7/1/2005	500,000
Commercial automobile liability	St. Paul	7/1/2005	500,000
Professional liability	St. Paul	7/1/2005	500,000

TOWN OF BALDWIN, LOUISIANA

Schedule of Utility Rates  
June 30, 2005

Monthly Water Rates:

\$5.00 for the first 2000 gallons used or consumed and \$2.00 per thousand gallons thereafter.

Monthly Natural Gas Rates:

\$5.00 for the first 100 mcf used or consumed and \$9.50 per mcf thereafter.

Monthly Sewer Rates:

\$5.00 for the first 4,000 gallons of water used or consumed and \$1.00 per thousand gallons thereafter up to 50,000 gallons and \$.50 per thousand gallons thereafter.



TOWN OF BALDWIN, LOUISIANA

Schedule of Certificates of Deposits - All Funds  
June 30, 2005

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
3/10% Sales Tax Fund - Certificate of deposit	6 months	11/28/2005	1.15%	<u>\$ 200,000</u>
3/4% Sales Tax Fund- Certificate of deposit	6 months	1/2/2006	1.98%	<u>100,000</u>
Total special revenue funds				<u>300,000</u>
Capital projects funds: Recreation fund - Certificate of deposit	1 year	12/16/2006	2.30%	<u>50,000</u>
Utility funds:				
Certificate of deposit	6 months	3/3/2006	2.63%	100,000
Certificate of deposit	1 year	6/23/2006	3.21%	36,493
Certificate of deposit	1 year	6/23/2006	3.21%	91,111
Certificate of deposit	1 year	12/24/2005	2.67%	80,000
Certificate of deposit	1 year	12/24/2005	2.67%	25,000
Certificate of deposit	6 months	1/8/2006	1.44%	100,000
Certificate of deposit	1 year	9/24/2006	1.10%	100,000
Certificate of deposit	1 year	6/29/2006	1.50%	100,000
Certificate of deposit	6 months	12/16/2005	.85%	100,000
Certificate of deposit	1 year	12/27/2005	2.70%	104,177
Certificate of deposit	9 months	4/8/2006	1.23%	100,000
Certificate of deposit	6 months	1/2/2006	1.98%	<u>175,223</u>
Total utility funds				<u>1,112,003</u>
Total - all funds				<u>\$ 1,462,003</u>